

Message Text

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ORIGIN NODS-00

INFO OCT-01 ISO-00 /001 R

DRAFTED BY EB:TOENDERS
APPROVED BY EB:TOENDERS
S/S: JLHOGANSON
S/P:SWLEWIS
S/P:CFRANK

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FM SECSTATE WASHDC
TO USDEL SECRETARY IMMEDIATE
INFO USMISSION USUN NY IMMEDIATE

C O N F I D E N T I A L STATE 207625 TOSEC 100383

NODIS

E.O. 11652: GDS

TAGS: OVIP (KISSINGER, HENRY A.)

SUBJECT: UNGA SPEECH

FOR LORD FROM ENDERS AND LEWIS

1. FOLLOWING IS COMPLETE NEW TEXT OF ACCELERATED GROWTH
SECTION:

COMMENT:

2. LEWIS AND FRANK FEEL THAT MOST ALL THE MATERIAL IN

PARAGRAPH 3 OF TOSEC 100358 SHOULD BE WORKED INTO THE

PART OF THE ACCELERATED GROWTH SECTION DEALING WITH

TRANSNATIONAL ENTERPRISES. THEY BELIEVE THAT THIS
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MATERIAL DESCRIBES IN A BALANCED WAY THE PROBLEMS OF

TRANSNATIONAL ENTERPRISES AND SETS A NECESSARY FRAMEWORK

FOR THE PROPOSALS WHICH NEED A GOOD STATEMENT OF THE

PROBLEM. IN THE CHANGED DRAFT WHICH FOLLOWS BELOW,
THIS MATERIAL IS NOT INCORPORATED. ENDERS AND SCHWEBEL,
WHILE NOT DISAGREEING IN SUBSTANCE WITH THE MATERIAL FEEL
THAT IT IS TOO LONG AND COMPLICATED TO BE INCORPORATED
INTO THE DRAFT AT THIS LATE DATE. WE LEAVE THE FINAL
JUDGEMENT TO YOU AND THE SECRETARY.

BEGIN TEXT

1. IT IS NOT ENOUGH TO ENSURE THE MINIMAL ECONOMIC SECURITY
OF THE DEVELOPING COUNTRIES. DEVELOPMENT IS A PROCESS OF
GROWTH, OF ACCELERATION, OF GREATER PRODUCTIVITY, HIGHER
LIVING STANDARDS, AND SOCIAL CHANGE. THIS IS A PROCESS
REQUIRING THE INFUSION OF CAPITAL, TECHNOLOGY, AND
MANAGERIAL SKILLS ON A MASSIVE SCALE.

2. DEVELOPING COUNTRIES THEMSELVES WILL HAVE TO PROVIDE
MOST OF THE EFFORT, BUT INTERNATIONAL SUPPORT IS INDIS-
PENSABLE. EVEN A MODERATE ACCELERATION OF RECENT GROWTH
RATES WILL REQUIRE SOME \$40 BILLION A YEAR IN OUTSIDE

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CAPITAL BY 1980. THE REQUIREMENT FOR TECHNOLOGICAL INNO-
VATION, THOUGH IMPOSSIBLE TO QUANTIFY, IS SIMILARLY GREAT.

3. HOW CAN THESE NEEDS FOR CAPITAL, TECHNOLOGY, AND SKILLS
BE MET?

4. BILATERAL CONCESSIONAL ASSISTANCE FROM THE INDUSTRIAL-
IZED COUNTRIES HAS BEEN ONE IMPORTANT SOURCE. LAST YEAR
IT AMOUNTED TO SOME \$7.2 BILLION. THIS MUST CONTINUE TO
GROW. BUT REALISTICALLY, WE CANNOT EXPECT THE LEVEL TO

INCREASE SIGNIFICANTLY OVER THE COMING YEARS. TO PUT IT
FRANKLY, THE POLITICAL CLIMATE FOR BILATERAL AID HAS DE-
TERIORATED. IN THE INDUSTRIAL COUNTRIES, SUPPORT FOR AID
HAS BEEN ERODED BY DOMESTIC ECONOMICAL SLOWDOWN, COMPOUNDED
BY ENERGY PROBLEMS, IN THE DEVELOPING COUNTRIES THERE IS
RESENTMENT AT FORMS OF ASSISTANCE WHICH IMPLY DEPENDENCE.

5. THE OIL EXPORTERS HAVE ONLY BEGUN TO MEET THEIR RE-
SPONSIBILITY FOR ASSISTANCE TO THE POORER COUNTRIES. LAST
YEAR THEIR CONCESSIONARY AID DISBURSEMENTS WERE ROUGHLY
\$2 BILLION; IT COULD -- AND MUST -- RISE SUBSTANTIALLY
THIS YEAR.

6. BUT THE INDUSTRIAL NATIONS AND THE OIL EXPORTERS
CANNOT, EVEN TOGETHER, SUPPLY ALL THE NEW RESOURCES NEEDED
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TO ACCELERATE DEVELOPMENT. IT FOLLOWS INESCAPABLY THAT
THE REMAINING NEEDS FOR CAPITAL AND TECHNOLOGY CAN ONLY BE
MET, DIRECTLY OR INDIRECTLY, FROM THE VAST POOL OF PRIVATE
SOURCES. THIS INVESTMENT WILL TAKE PLACE ONLY IF THE CON-
DITIONS EXIST TO ATTRACT OR PERMIT IT. THE UNITED STATES
THEREFORE BELIEVES IT IS TIME FOR THE WORLD COMMUNITY TO
ADDRESS THE BASIC REQUIREMENTS FOR ACCELERATING GROWTH IN
DEVELOPING COUNTRIES:

-- FIRST, DEVELOPING COUNTRIES MUST HAVE BETTER ACCESS TO
CAPITAL MARKETS.

--SECOND, WE MUST PROMOTE TRANSFERS OF TECHNOLOGY.
--THIRD, IT IS TIME TO REACH AN INTERNATIONAL CONSENSUS

ON THE PRINCIPLES TO GUIDE THE BENEFICIAL OPERATION OF

TRANSNATIONAL CORPORATE ENTERPRISES.

7. FIRST, ACCESS TO CAPITAL MARKETS.

8. THE PRIVATE CAPITAL MARKETS ARE ALREADY A MAJOR SOURCE
OF DEVELOPMENT FUNDS, EITHER DIRECTLY OR THROUGH INTERMEDI-
ARIES. THE WORLD BANK AND THE REGIONAL DEVELOPMENT BANKS
BORROW EXTENSIVELY TO LEND TO DEVELOPING NATIONS. THE
UNITED STATES URGES THE EXPANSION OF THESE PROGRAMS, WE ARE
GRATIFIED THAT ADVANCED COUNTRIES OUTSIDE OF THE WESTERN
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HEM,SPHERE ARE JOINING US SHORTLY IN A \$6 BILLION EX-
PANSION OF THE INTER-AMERICAN DEVELOPMENT BANK. WE WILL
PARTICIPATE IN NEGOTIATIONS FOR REPLENISHMENT OF THE ASIAN
DEVELOPMENT BANK, AND WE ARE SEEKING CONGRESSIONAL AUTHOR-
ITY TO JOIN THE AFRICAN DEVELOPMENT FUND.

9. BUT THE DEVELOPING COUNTRIES THAT HAVE BEEN MOST
SUCCESSFUL AND THAT NO LONGER REQUIRE CONCESSIONAL AID,
ESPECIALLY IN ASIA AND LATIN AMERICA, HAVE RELIED HEAVILY
ON BORROWING IN THE CAPITAL MARKET. THEIR FUTURE ACCESS
MUST BE ASSURED.

10. WE MUST NOW FIND NEW WAYS TO ENHANCE THE OPPORTUNITIES
OF DEVELOPING COUNTRIES IN THE COMPETITION FOR INTER-
NATIONAL CAPITAL. AND WE NEED TO BRING TOGETHER IN NEW
WAYS POTENTIAL SOURCES OF CAPITAL AND INVESTMENT NEEDS OF
DEVELOPING COUNTRIES.

11. SEVERAL COURSES OF ACTION OFFER PROMISE. FIRST, THE
UNITED STATES WILL SUPPORT A MAJOR EXPANSION OF THE RE-

SOURCES OF THE WORLD BANKS' INTERNATIONAL FINANCE CORPOR-
ATION --THE INVESTMENT BANKER WITH THE BROADEST EX-
PERIENCE IN SUPPORTING PRIVATE ENTERPRISE IN DEVELOPING
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COUNTRIES. WE PROPOSE A LARGE INCREASE IN THE IFC'S
CAPITAL, FROM THE PRESENT \$100 MILLION TO AT LEAST \$400
MILLION.

12 SECONDLY, THE UNITED STATES PROPOSES CREATION OF AN
INTERNATIONAL INVESTMENT TRUST, TO MOBILIZE PORTFOLIO
CAPITAL FOR INVESTMENT IN LOCAL ENTERPRISES. THE TRUST
WOULD ATTRACT NEW CAPITAL BY OFFERING INVESTORS A UNIQUE
OPPORTUNITY -- PARTICIPATION IN A MANAGED BROAD SELECTION
OF INVESTMENTS IN DEVELOPING COUNTRY FIRMS, PUBLIC AND
PRIVATE AND MIXED. THE INTERNATIONAL FINANCE CORPORATION
WOULD MANAGE IT AND PERHAPS PROVIDE SEED CAPITAL, BUT
MOST OF ITS FUNDS WOULD COME FROM GOVERNMENT AND PRIVATE
INVESTORS. INVESTORS WOULD HAVE THEIR EXPOSURE TO MAJOR
LOSSES LIMITED BY A \$250 MILLION LOSS-RESERVE, PROVIDED
BY GOVERNMENTS OF INDUSTRIALIZED,OIL-PRODUCING, AND
DEVELOPING NATIONS. THIS INSTITUTION COULD BE A POWERFUL
LINK BETWEEN THE CAPITAL MARKET AND THE DEVELOPING
WORLD, AND COULD PROVIDE BILLIONS OF DOLLARS OF ESSENTIAL
RESOURCES.

13. THIRDLY, THE UNITED STATES WILL CONTRIBUTE ACTIVELY
TO THE WORK OF THE IMF/WORLD BANK DEVELOPMENT COMMITTEE
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TO FIND WAYS TO ASSIST DEVELOPING COUNTRIES IN THEIR
DIRECT BORROWING IN THE CAPITAL MARKET. IT IS ENCOURAGING
THAT THE LATIN AMERICAN COUNTRIES ARE CONSIDERING A
REGIONAL FINANCIAL SAFETY NET TO UNDERPIN THEIR ACCESS TO
CAPITAL MARKETS BY MUTUAL COMMITMENTS OF FINANCIAL BACKING.

14. FINALLY, THE UNITED STATES BELIEVES THAT ALL INDUS-
TRIAL COUNTRIES SHOULD SYSTEMATICALLY REVIEW THE CON-
DITIONS FOR DEVELOPING-COUNTRY ACCESS TO THEIR NATIONAL
MARKETS, TO ASSURE THAT THEY OFFER FAIR AND OPEN OPPOR-
TUNITY. THE UNITED STATES IS PREPARED TO PROVIDE TECHNI-
CAL ASSISTANCE AND EXPERTISE TO DEVELOPING COUNTRIES
READY TO ENTER LONG-TERM CAPITAL MARKETS, AND WE ASK
OTHERS TO JOIN US.

15. DEVELOPING COUNTRIES NEED NOT ONLY NEW FUNDS BUT NEW
TECHNOLOGY. YET THE MECHANISMS FOR THE TRANSFER OF TECH-
NOLOGY AND FOR ITS LOCAL DEVELOPMENT ARE LIMITED, AND ARE
SELDOM AT THE SOLE COMMAND OF NATIONAL GOVERNMENTS, AND
THE TECHNOLOGIES OF INDUSTRIAL COUNTRIES MUST OFTEN BE
ADAPTED TO LOCAL ECONOMIC AND SOCIAL CONDITIONS. NEW
INSTITUTIONS AND NEW APPROACHES ARE THEREFORE REQUIRED.

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16. FOR TECHNOLOGY TO SPUR DEVELOPMENT, IT MUST SPUR
GROWTH IN PRIORITY AREAS: ENERGY, FOOD, OTHER RESOURCES
STRATEGIC TO THEIR ECONOMIES, AND INDUSTRIALIZATION ITSELF.

19. ENERGY FIRST, IS CRITICAL FOR BOTH AGRICULTURAL AND
INDUSTRIAL DEVELOPMENT. THE ENORMOUS RISE IN THE COST OF

OIL IN THE LAST TWO YEARS HAS MORE THAN WIPED OUT THE TOTAL OF THE FOREIGN AID THAT DEVELOPING COUNTRIES HAVE RECEIVED. IT HAS UNDERMINED THEIR BALANCE OF PAYMENTS AND HAS MORTGAGED THEIR FUTURE BY FORCING THEM INTO LARGER BORROWING AT HIGHER INTEREST RATES. THERE IS NO EASY SHORT-TERM SOLUTION, BUT IF ENERGY DEPENDENCE IS TO BE REDUCED, EFFORTS TO EXPLOIT NEW AND DIVERSIFIED SOURCES MUST BE INTENSIFIED NOW.

--THE UNITED STATES INVITES OTHER NATIONS TO JOIN US IN AN INCREASE OF BILATERAL SUPPORT FOR TRAINING AND TECHNICAL ASSISTANCE TO HELP DEVELOPING COUNTRIES FIND AND EXPLOIT NEW SOURCES OF FOSSIL FUEL AND OTHER FORMS OF ENERGY.

--METHODS OF DISCOVERING AND UTILIZING LESS ACCESSIBLE OR LOW-GRADE RESOURCES MUST BE FULLY UTILIZED. SO MUST TECHNOLOGY TO PRODUCE SOLAR AND GEOTHERMAL POWER, AS WELL

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AS CONVENTIONAL HYDROCARBON AND NUCLEAR FUELS. AND THESE TECHNIQUES MUST BE SUITED TO THE CONDITIONS OF THE DEVELOPING COUNTRIES.

--THE UNITED STATES BELIEVES THE TOPIC OF ENERGY COOPERATION SHOULD BE HIGH ON THE AGENDA FOR THE FORTHCOMING DIALOGUE BETWEEN CONSUMERS AND PRODUCERS. WE WILL PROPOSE, IN THIS DIALOGUE, CREATION OF AN INTERNATIONAL ENERGY INSTITUTE BRINGING TOGETHER DEVELOPED AND DEVELOPING, CONSUMER AND PRODUCER, ON THE PARTICULAR PROBLEM OF ENERGY DEVELOPMENT. THE INTERNATIONAL ENERGY AGENCY AND THE

INTERNATIONAL ATOMIC ENERGY AGENCY SHOULD BOTH FIND WAYS TO
GIVE TECHNICAL ASSISTANCE AND SUPPORT TO THIS INSTITUTE.

18. A SECOND CRITICAL AREA FOR TECHNOLOGICAL INNOVATION
IS FOOD PRODUCTION AND IMPROVEMENT OF NUTRITION.

-- DURING THE PAST DECADE, A NUMBER OF INTERNATIONAL
AGRICULTURAL RESEARCH CENTERS HAVE BEEN ESTABLISHED TO
ADAPT TECHNIQUES TO LOCAL NEEDS AND CONDITIONS. IN 1971
THE CONSULTATIVE GROUP FOR INTERNATIONAL AGRICULTURAL
RESEARCH WAS FORMED TO COORDINATE THESE EFFORTS. THE
UNITED STATES IS PREPARED TO EXPAND THE CAPACITY OF THESE
INSTITUTES. IN COLLABORATION WITH NATIONAL RESEARCH
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ORGANIZATIONS WITH MORE SKILLED MANPOWER AND FUNDS, THEY
COULD GROW INTO A WORLDWIDE RESEARCH NETWORK FOR DEVELOP-
MENT OF AGRICULTURAL TECHNOLOGY.

-- WE ARE ALSO SUPPORTING LEGISLATION IN THE CONGRESS TO
ENABLE OUR UNIVERSITIES TO EXPAND THEIR TECHNICAL ASSIS-
TANCE AND RESEARCH IN THE AGRUCULTURAL FIELD.

19. NON-FOOD AGRICULTURAL AND FORESTRY PRODUCTS ARE A
THIRD STRATEGIC AREA FOR TECHNOLOGICAL ASSISTANCE. THE
EXPORT EARNINGS OF MANY OF THE POOREST COUNTRIES -- AND
THE LIVELIHOOD OF MANY MILLIONS OF THEIR PEOPLE -- DEPEND
ON SUCH PRODUCTS AS TIMBER, JUTE, COTTON, AND NATURAL
RUBBER, SOME OF WHICH HAVE ENCOUNTERED SERIOUS PROBLEMS
IN THE FACE OF SYNTHETICS. THEY URGENTLY NEED ASSISTANCE
TO IMPROVE THEIR PRODUCTIVITY AND COMPETITIVENESS OF

THESE PRODUCTS AND TO DIVERSIFY THEIR ECONOMIES.

-- THE UNITED STATES THEREFORE PROPOSES CREATION OF AN
UMBRELLA ORGANIZATION TO COORDINATE AND FINANCE SUCH
ASSISTANCE. ITS TASK WILL BE TO ATTRACT MANPOWER AND
CAPITAL FOR RESEARCH (MUCH OF IT IN PRODUCING COUNTRIES).
THE FINANCING OF THIS EFFORT SHOULD BE A PRIORITY TASK FOR
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THE NEW INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT.

20. BUT DEVELOPING COUNTRIES' NEED FOR TECHNOLOGY IS NOT
ONLY FOR DEVELOPMENT OF STRATEGIC SECTORS, BUT FOR THE
BROAD PROMOTION OF INDUSTRIALIZATION ITSELF. THIS RE-
QUIRES THE BROADEST APPLICATION OF SKILLS, RESOURCES,
INFORMATION.

-- TO THIS END THE UNITED STATES SUPPORTS CREATION OF AN
INTERNATIONAL INDUSTRIALIZATION INSTITUTE, TO SPONSOR
AND CONDUCT RESEARCH ON INDUSTRIAL TECHNOLOGY TOGETHER
WITH THE GOVERNMENTS, INDUSTRIES, AND RESEARCH FACILITIES
OF DEVELOPING COUNTRIES.

-- WE PROPOSE CREATION OF AN INTERNATIONAL CENTER FOR THE
EXCHANGE OF TECHNOLOGICAL INFORMATION, AS A CLEARING HOUSE
FOR THE SHARING OF ONGOING RESEARCH AND NEW FINDINGS RELE-
VANT TO DEVELOPMENT.

--WE WILL EXPAND OUR BILATERAL SUPPORT OF INDUSTRIAL TECH-
NOLOGY APPROPRIATE TO DEVELOPING COUNTRY NEEDS.

-- WE WILL WORK WITH OTHERS IN THIS ORGANIZATION IN PRE-
PARING GUIDELINES FOR THE TRANSFER OF TECHNOLOGY AND IN

THE PLANNING OF A CONFERENCE ON SCIENCE AND TECHNOLOGY

FOR DEVELOPMENT.

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21. ACCESS TO CAPITAL MARKETS, AND SPECIAL PROGRAMS TO
TRANSFER NEW TECHNOLOGY, ARE BUT TWO FACTORS IN ACCELERATED
GROWTH. THERE IS A THIRD - WHICH MAY WELL PROVE TO BE ONE
OF THE MOST EFFECTIVE ENGINES OF DEVELOPMENT - THE TRANS-
NATIONAL ENTERPRISE.

22. TRANSNATIONAL ENTERPRISES HAVE BEEN POWERFUL IN-
STRUMENTS OF MODERNIZATION BOTH IN THE INDUSTRIAL NATIONS
-- WHERE THEY CONDUCT MOST OF THEIR OPERATIONS -- AND IN
THE DEVELOPING COUNTRIES, WHERE THERE IS OFTEN NO SUBSTI-
TUTE FOR THEIR ABILITY TO MARSHALL CAPITAL, MANAGEMENT,
SKILLS, TECHNOLOGY AND INITIATIVE. THUS THE CONTROVERSY
OVER THEIR ROLE AND CONDUCT IS ITSELF AN OBSTACLE TO
ECONOMIC DEVELOPMENT.

23. IT IS TIME FOR THE WORLD COMMUNITY TO DEAL WITH THE
PROBLEMS, REAL AND PERCEIVED, THAT HAVE ARISEN. IF THE
NATIONS ASSEMBLED HERE CANNOT REACH CONSENSUS ON THE
PROPER ROLE OF THESE ENTERPRISES, THE DEVELOPING COUNTRIES
WILL LOSE AN INVALUABLE ASSET. LET US MAKE THIS ISSUE A
TEST OF OUR CAPACITY TO ACCOMMODATE MUTUAL CONCERNS IN
PRACTICAL AGREEMENT.

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24. FOR OUR PART, THE UNITED STATES IS PREPARED TO MEET
THE PROPER CONCERNS OF GOVERNMENTS IN WHOSE TERRITORIES

TRANSNATIONAL ENTERPRISES OPERATE. VENALITY AND CORRUPTION
ARE NOT CONDONED BY ANY NATION. WE AFFIRM THAT ENTER-
PRISES MUST ACT IN FULL ACCORDANCE WITH THE SOVEREIGN
RIGHTS AND LAW OF HOST GOVERNMENTS AND TAKE FULL ACCOUNT
OF THEIR PUBLIC POLICY. COUNTRIES ARE ENTITLED TO REGU-
LATE THE OPERATIONS OF TRANSNATIONAL ENTERPRISES WITHIN
THEIR BORDERS. BUT COUNTRIES WISHING THE BENEFITS OF
THESE ENTERPRISES SHOULD FOSTER THE CONDITIONS THAT
ATTRACT AND MAINTAIN THEIR PRODUCTIVE OPERATION.

25. THE UNITED STATES THEREFORE BELIEVES THAT THE
TIME HAS COME FOR THE INTERNATIONAL COMMUNITY TO ARTICU-
LATE STANDARDS OF CONDUCT FOR BOTH ENTERPRISES AND GOVERN-
MENTS. THE UNITED NATIONS COMMISSION ON TRANSNATIONAL
CORPORATIONS, AND OTHER INTERNATIONAL BODIES, HAVE BEGUN
SUCH AN EFFORT. WE MUST REACH AGREEMENT ON BALANCED
PRINCIPLES. THESE SHOULD APPLY TO TRANSNATIONAL ENTER-
PRISES IN THEIR RELATIONS WITH GOVERNMENTS, AND TO GOVERN-
MENTS IN THEIR RELATIONS WITH ENTERPRISES AND WITH OTHER
GOVERNMENTS. THEY MUST BE FAIR PRINCIPLES, FOR FAILURE TO
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REFLECT THE INTERESTS OF ALL PARTIES CONCERNED WOULD EX-
ACERBATE RATHER THAN MODERATE THE FRICTIONS WHICH HAVE
DAMAGED THE ENVIRONMENT FOR INTERNATIONAL INVESTMENT.

26. SPECIFICALLY, THE UNITED STATES BELIEVES THAT:

--TRANSNATIONAL ENTERPRISES MUST BE CALLED UPON TO OBEY
LOCAL LAW, AND REFRAIN FROM UNLAWFUL INTERVENTION IN THE
DOMESTIC AFFAIRS OF THE HOST STATE. THEIR ACTIVITIES

SHOULD TAKE ACCOUNT OF NATIONAL DEVELOPMENT PRIORITIES.

THEY SHOULD RESPECT LOCAL CULTURE AND SHOULD EMPLOY

QUALIFIED LOCAL PERSONNEL, OR QUALIFY LOCAL PEOPLE THROUGH
TRAINING.

-- HOST GOVERNMENTS IN TURN SHOULD TREAT TRANSNATIONAL
ENTERPRISES EQUITABLY, WITHOUT DISCRIMINATION AMONG THEM,
AND IN ACCORDANCE WITH INTERNATIONAL LAW. HOST GOVERN-
MENTS SHOULD MAKE EXPLICIT THEIR DEVELOPMENT PRIORITIES
AND THE STANDARDS WHICH TRANSNATIONAL ENTERPRISES ARE EX-
PECTED TO MEET, AND MAINTAIN THEM WITH REASONABLE
CONSISTENCY.

-- ENTERPRISES AND GOVERNMENTS SHOULD RESPECT THE
CONTRACTURAL OBLIGATIONS THEY FREELY UNDERTAKE SO AS TO
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PROMOTE A MORE STABLE AND EQUITABLE ENVIRONMENT FOR THE
CONDUCT OF BUSINESS ACROSS NATIONAL BORDERS.

-- PRINCIPLES ESTABLISHED FOR TRANSNATIONAL ENTERPRISES
SHOULD, WITH SPECIFICALLY LIMITED EXCEPTIONS, APPLY EQUALLY
TO DOMESTIC ENTERPRISES. STANDARDS SHOULD BE ADDRESSED
NOT ONLY TO PRIVATELY-OWNED CORPORATIONS, BUT ALSO TO
STATE-OWNED AND MIXED TRANSNATIONAL ENTERPRISES, WHICH
ARE INCREASINGLY IMPORTANT IN THE WORLD ECONOMY.

27. A STATEMENT OF PRINCIPLES IS NOT THE ONLY OR NECESSARI-
LY SUFFICIENT WAY OF RESOLVING MANY OF THE PROBLEMS
AFFECTING TRANSNATIONAL ENTERPRISES. WE MUST DEVELOP
OTHERS:

-- GOVERNMENTS MUST HARMONIZE THEIR TAX TREATMENT OF
FOREIGN INVESTMENT. WITHOUT COORDINATION, HOST AND HOME
COUNTRY POLICIES MAY INHIBIT PRODUCTIVE ENTERPRISE.

-- FACT-FINDING AND ARBITRAL PROCEDURES MUST BE PROMOTED
AS MEANS FOR SETTling INVESTMENT DISPUTES. THE WORLD
BANK'S INTERNATIONAL CENTER FOR THE SETTLEMENT OF INVEST-
MENT DISPUTES, AND OTHER THIRD-PARTY FACILITIES, SHOULD BE
EMPLOYED TO SETTLE INEVITABLE AND IMPORTANT DISPUTES.

-- LAWS AGAINST RESTRICTIVE BUSINESS PRACTICES MUST BE
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DEVELOPED, BETTER COORDINATED AMONG COUNTRIES, AND EN-
FORCED. THE UNITED STATES HAS LONG BEEN VIGILANT AGAINST
SUCH ABUSES IN TRADE, MERGERS, OR LICENSING OF TECHNOLOGY.
WE STAND BY THE SAME PRINCIPLES INTERNATIONALLY: WE CON-
DEMN RESTRICTIVE PRACTICES IN SETTING PRICES OR RESTRAIN-
ING SUPPLIES, WHETHER BY PRIVATE OR STATE-OWNED TRANS-
NATIONAL ENTERPRISES OR BY THE COLLUSION OF NATIONAL
GOVERNMENTS.

-- INSURANCE FOR FOREIGN PRIVATE INVESTORS SHOULD TO THE
EXTENT POSSIBLE BE MULTILATERALIZED AND INCLUDE PARTICI-
PATION, BY DEVELOPING COUNTRIES, TO REFLECT OUR MUTUAL
STAKE IN ENCOURAGING FOREIGN INVESTMENT IN THE SERVICE OF
DEVELOPMENT.

-- AND THERE MUST BE MORE EFFECTIVE BILATERAL CONSULTATION
AMONG GOVERNMENTS TO IDENTIFY AND RESOLVE INVESTMENT
DISPUTES BEFORE THEY BECOME IRRITANTS IN POLITICAL RE-

LATIONS.

28. THE UNITED STATES BELIEVES THAT JUST SOLUTIONS ARE
ACHIEVABLE -- AND NECESSARY. IF THE WORLD COMMUNITY IS
COMMITTED TO ECONOMIC DEVELOPMENT, IT CANNOT AFFORD TO
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TREAT TRANSNATIONAL ENTERPRISES AS OBJECTS OF ECONOMIC
WARFARE. WE ARE PREPARED TO SEE OUR OWN ENTERPRISES ABIDE
BY FAIR AND AGREED INTERNATIONAL STANDARDS. THE CAPACITY
OF THE INTERNATIONAL COMMUNITY TO DEAL WITH THIS ISSUE
CONSTRUCTIVELY WILL BE AN IMPORTANT TEST OF WHETHER THE
SEARCH FOR SOLUTIONS OR THE CLASH OF IDEOLOGIES WILL
DOMINATE OUR ECONOMIC FUTURE. THE IMPLICATIONS FOR
ECONOMIC DEVELOPMENT ARE PROFOUND. END TEXT INGERSOLL
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Message Attributes

Automatic Decaptioning: Z
Capture Date: 26 AUG 1999
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: TOSEC, TEXT, SPEECHES, FOREIGN MINISTER, CAT-A
Control Number: n/a
Copy: SINGLE
Draft Date: 31 AUG 1975
Decaption Date: 28 MAY 2004
Decaption Note: 25 YEAR REVIEW
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: GolinoFR
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975STATE207625
Document Source: ADS
Document Unique ID: 00
Drafter: EB:TOENDERS
Enclosure: n/a
Executive Order: 11652 GDS
Errors: n/a
Film Number: P850011-1912, N750003-0619
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750898/baaaaage.tel
Line Count: 732
Locator: TEXT ON-LINE, TEXT ON MICROFILM
Office: ORIGIN NODS
Original Classification: CONFIDENTIAL
Original Handling Restrictions: NODIS
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 14
Previous Channel Indicators:
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: NODIS
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: GolinoFR
Review Comment: n/a
Review Content Flags:
Review Date: 16 SEP 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <16 Sep 2003 by MorefiRH>; APPROVED <29 OCT 2003 by GolinoFR>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
06 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: N/A
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: LOCK1
Status: NATIVE
Subject: n/a
TAGS: OVIP, US, UNGA, (KISSINGER, HENRY A)
To: SECRETARY INFO USUN NY
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006